



Tea Leaf

One of the few no-brainers in the American economy today is the high value of education. An increasingly sophisticated economy demands that successful workers in nearly all employment sectors have the initial education and training to comprehend

what is expected of them, as well as the ability to “learn-as-they-go” on the job. My tea-leaf reading tells me the disparity between the education “haves” and “have nots” will likely continue to widen.

Various measures of income suggest that college graduates make between 75 percent and 100 percent more than high school graduates. Such a relationship 25 years ago was closer to a 25 percent differential. Earnings of those with advanced degrees are even higher.

The correlation between higher levels of educational attainment and higher incomes was not always so clear. The first 60 years of the 20th century was a period when physical strength was as important as mental agility in many industries, including most within the manufacturing sector.

Extraordinary productivity gains in the manufacturing sector, combined with the powerful rise of the Information Age, have changed this prior dynamic forever. The greater use of automation, robotics, and powerful software has created the need for fewer workers even as manufacturing output climbs. This trend will only continue.

Educational attainment of Americans has grown sharply over the past century. One could argue that the enormous rise in educational attainment of the average American combines with the sharp rise in the average American lifespan as two of the most powerful developments of the past 100 years.

Workers in the nation’s “blue collar” manufacturing sector were perhaps the most vulnerable to jobs lost to lower-

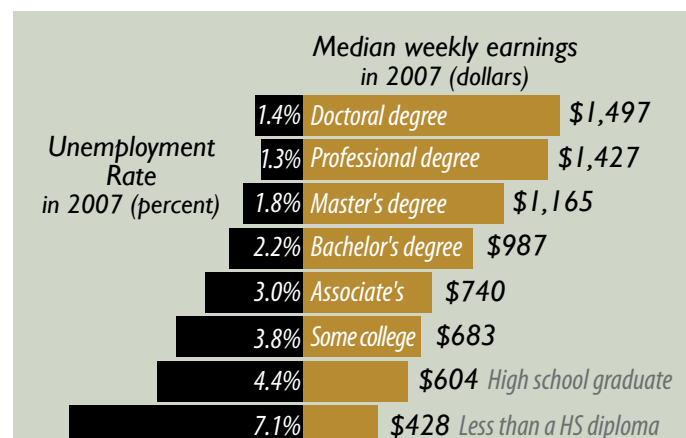
production-cost locations over the past 25 years. More recently, job losses among higher educated people became center stage. The loss of white collar jobs to India of recent years has been significant, with many of these jobs in architecture, engineering, financial services, and research of all types.

Critics of American primary and secondary schools decry the poor educational skills of many young people leaving high schools today. Too many of these graduates simply do not possess the workplace skills of grammar, mathematics, and social interaction that contribute to being effective workers.

There is little argument that tens of thousands of young people leave public schools in the nation’s inner cities and rural communities with severely limited skills to compete. Companies are forced to provide remedial instruction for new workers. Numerous communities around the nation have enjoyed major successes by putting local employers and educators in the same room to discuss and define the skills necessary for new labor force entrants to be successful.

The nation’s community colleges and trade schools have seen their roles expand as the critical liaison between employers and students. As the American labor force becomes tighter and tighter, this community college/trade school role of matchmaker will become even more crucial.

The role of education is not simply to teach numbers, relationships, and theories to be regurgitated in testing



Source: U.S. Bureau of Labor Statistics, Current Population Survey

environments. Today's most effective high schools, colleges, universities and other purveyors of education help their students learn how to learn, which is something quite different.


Much of the world is chasing—and catching—the United States as far as educational attainment. While older working Americans still lead the world in average educational attainment, many younger workers around the world are matching or exceeding the education levels attained by American workers.

One of America's strengths is the quality and diversity of our higher learning institutions. American universities have also nurtured powerful connections between their institutions and the business world, with American universities earning substantial licensing fees and royalties each year. A rising number of state legislatures around the nation now routinely provide "seed money" to

universities to develop and enhance such relationships.

One of America's higher education strengths is a lack of central control over these institutions, with most university funding having limited connection to taxes.

As an adjunct professor of finance at the University of Utah for 17 years, I would teach my students that a future employer really did not care what the student learned in my class or any other class. Gaining a degree from an accredited college or university said something about one's intelligence and maturity. A degree "got you in the door," where the employer would teach the student what the employer wanted them to know, and how to best use the information. †



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